SIERRA CLUB
FOUNDED 1892

MICHIGAN CHAPTER

September 17, 2013

To: Representative Nesbitt and members of the
House Energy and Technology Committee

RE: Review of Public Act 295 of 2008

Opening Comment

The Michigan Sierra Club Supports PA 295 of 2008 and calls for a stronger RPS standard to further continue the success of Renewable Energy in Michigan past 2015.

Arguments in support of PA 295 - RPS

RPS is creating Jobs in Michigan

The Renewable Portfolio Standard has assured investors and developers that Michigan is planning to utilize renewable energy, which has created many jobs in Michigan. The February 2013 MPSC Annual Report on the Implementation of the P.A. 295 Renewable Energy Standard and the Cost-Effectiveness of the Energy Standards 2013 shows that Michigan's renewable energy standard has generated at least $1.8 billion in economic activity through 2012.

The report highlighted how Michigan's energy law, including the renewable energy standard and energy efficiency, is driving economic growth in Holland, Mason County, Michigan's Thumb and elsewhere, generating hundreds of millions of dollars in economic activity. Michigan-based manufacturing companies like Energetx and Ventower Industries could create more jobs in Michigan as they make more of the wind-turbine components used to meet the RES.

The March 2013 report by Energy Entrepreneurs ranked Michigan's burgeoning clean energy job sector 8th in the country for the number of clean energy and clean transportation jobs. Companies and communities announced 19 projects in Michigan last year that together are poised to create more than 3,700 jobs, according to the report.

http://www.michigan.gov/documents/mpsc/implementation_of_PA295_renewable_energy_411615_7.pdf
http://www.e2.org/ext/doc/E2CleanEnergy2012YearEndandQ4.pdf

Renewable Energy is cheaper than Coal, Natural Gas and Nuclear Energy, and when combined with Energy Efficiency is substantially cheaper.

According to the February 2013 MPSC Annual Report on the Implementation of the P.A. 295 Renewable Energy Standard and the Cost-Effectiveness of the Energy Standards, the weighted average prices of renewable energy contracts is $82.54 per megawatt/hour, less than what was forecasted in renewable energy plans, and is substantially lower than the cost of new coal-fired plants. Recent wind contracts have been coming in even lower than the $82.54 figure. DTE Energy's most recent power purchase

109 E. Grand River Avenue * Lansing, Michigan 48906 * (517) 484-2372 * Fax (517) 482-3108
Email: mackinac.chapter@sierraclub.org * Website: http://michigan.sierraclub.org

agreement contract for their Big Turtle wind farm in Huron County is for $53 per megawatt/hour for 20 years. The new report noted that the combination of energy efficiency and the renewable energy standard is bringing the cost even further down, to an average weighted cost of $46 per megawatt/hour, which is one-third less than the cost of electricity from a combined cycle natural gas plant.

Utilities in other states in the Midwest are embracing renewables because of the lower costs and are benefitting with cleaner air, and booming clean energy industries. In addition to saving ratepayers and utilities money, renewable energy investments also reduce utility exposure to the cost/volatility and environmental liabilities associated with fossil fuels and nuclear generation.

MidAmerican recently announced that its Iowa utility is adding 1,000 megawatts of wind and will be at 39 percent wind power by 2017. This $1.9 billion investment in new wind farms will save customers up to $10 million a year. As a result, MidAmerican will be at 39 percent wind power by 2017. Xcel in Colorado announced last summer they're adding another 550 megawatts of wind on their way to 30 percent wind power by 2016. Our utilities should also be investing significantly in that same potential in Michigan.

http://www.michigan.gov/documents/mpsc/implementation_of_PA295_renewable_energy_411615_7.pdf
http://www.michigan.gov/mpsc/0,4639,7-159-16400_17280-312209--,00.html

RPS hasn't had a significant impact on customers' bills

Renewable energy is helping to rein in rising energy costs. The main reason for rising electric rates is the increasing costs of fuel used to transport coal to Michigan. Michigan coal costs increased an average of 10.8% per year between 2004 - 2011. This is the highest increase in the Midwest and higher than the US average increase of 8.8%. Consequently, Michigan utilities pay a higher price for delivered coal than most states. While the rising cost of coal in Michigan has already directly impacted ratepayers, clean sources of energy like wind have become a more viable and affordable energy choice for Michigan families.

Technological advances and improved efficiency continue to drive the price of renewable energy down, making it cheaper than power from old and new coal plants, nuclear and on par with the cost of natural gas. Lower than expected costs of renewable energy caused Consumers Energy to recently once again lowered their renewable surcharge, this time, eliminating it completely. DTE Energy also recently significantly reduced their surcharge.

http://cleanenergyaction.files.wordpress.com/2012/07/20120712-u-s-delivered-coal-costs-2004-2011.pdf
http://www.crainsdetroit.com/article/20130604/NEWS/130609937/dte-seeks-to-lower-renewable-energy-surcharges
http://www.mlive.com/business/index.ssf/2013/08/consumers_energys_residential.html

SIERRA CLUB
FOUNDED 1892

MICHIGAN CHAPTER

Arguments for a more expansive RPS in Michigan

Manufactures need a strong, long term RPS to invest in Michigan
Michigan's RPS is relatively weak and of short duration compared to other Midwest states (Examples: IL 25%/2025, MN 27%/2025, OH 12.5%/2025). Nearly 30 other states have stronger renewable energy standards than Michigan. This is a source of uncertainty for potential Michigan wind industry manufacturers and puts Michigan at a regional disadvantage.

Michigan is squandering its' wind and manufacturing potential
The American Wind Energy Association ranked Michigan 8th in the United States in terms of wind capacity installed in 2012 with 611 megawatts installed. According to data from the National Renewable Energy Laboratory, Michigan's onshore wind potential at 80 meters hub height is 59,042 megawatts. Michigan has the 18th best wind resource in the U.S. This means that wind power is capable of meeting more than 1.6 times the state's current electricity needs. Michigan's skilled manufacturing base and workforce is standing by waiting for opportunities to expand. An increased RPS would make us more competitive with other state in the Midwest.

http://www.awea.org/Resources/state.aspx?ItemNumber=5216
http://www.eia.gov/cneaf/electricity/epm/epm_sum.html

Michigan residents strongly favor renewable energy
2012 polling conducted by Greenberg Quinlan Rosner Research showed that an overwhelming 73% of Michigan voters support increasing our use of wind, solar and other forms of renewable energy.

Michigan small businesses and clean tech businesses support a strong RPS
Michigan has built on its manufacturing strengths to grow its renewable energy industry, providing new employment for the state's highly skilled workforce. Michigan's clean economy is helping power the state's recovery.

A 2012 poll conducted by Small Business Majority shows that small businesses in Michigan "overwhelmingly support increasing the state's renewable energy standard to 25 percent by 2025." According to the poll, 79 percent of poll respondents supported setting standards that require utilities to meet a certain percentage of energy demand through renewable energy sources.

http://www.smallbusinessmajority.org/blog/small-business-majority/clean-energy/poll-michigan-small-businesses-support-increasing-state-renewable-energy-standard/

109 E. Grand River Avenue * Lansing, Michigan 48906 * (517) 484-2372 * Fax (517) 482-3108
Email: mackinac.chapter@sierraclub.org * Website: http://michigan.sierraclub.org

SIERRA CLUB
FOUNDED 1892

MICHIGAN CHAPTER

Coal Related Comments

Michigan has to diversify our electric generation portfolio

Michigan's economy may be at risk because of our over-reliance on coal to generate electricity. We have too many eggs in one basket. The price of coal delivered to Michigan utilities has soared. Coal makes up 58 percent of Michigan's energy mix; despite the fact the state has no coal reserves. Michigan consumers spend more than $1.7 billion a year importing coal from other states. Consequently, we pay a higher price for delivered coal and for electricity than in most states.

There are many health and economic issues with coal

The total cost of coal generation must include the damage caused by coal mining, burning and ash. These externalities include damaged health, premature death, lost productivity and damage to our environment. A Harvard study estimated these costs are an additional 17.84¢/kWh. The Public Health Impacts of Old Coal-Fired Power Plants in Michigan report showed that just nine of Michigan's oldest and dirtiest coal plants cost Michiganders more than $1.5 billion a year in health costs, including 660 premature deaths, 150 cardiovascular hospital admissions, 280 cases of chronic bronchitis, and 450 asthma emergency room visits. This provides more reason to expand our commitment to clean, renewable energy sources.

http://onlinelibrary.wiley.com/doi/10.1111/j.1749-6632.2010.05890.x/full
http://environmentalcouncil.org/mecReports/PublicHealthImpactsofOldCoal-FiredPowerPlantsinMichigan.pdf

Michigan has the highest electric rates in the Midwest, by far

Michigan has the highest average retail price of electricity in the Midwest at 10.45¢ per kilowat thour. This is far higher than in Ohio 8.79¢, Indiana 8.05¢, or Illinois 8.94¢. Table 5.6.A. May 2011.
http://www.eia.gov/cneaf/electricity/epm/epm_sum.html

According to a 2012 Summer Energy Appraisal by the Michigan Public Service Commission (MPSC), DTE consumers were the hardest hit by rising energy costs, with their monthly bills rising from $67.81 to $76.97 – a 13.5 percent increase over last year. The rate increase comes as a result of the increased cost of importing coal from other states. http://www.dleg.state.mi.us/mpsc/reports/energy/13summer/index.htm

States Dependent on Coal Had the Highest Electricity Price Increases in Past 5 Years

The retail price of electricity in the US increased 22% over the past five years (from 8.1¢ in 2005 to 9.9¢ in 2010). However, two regions very dependent on coal saw their electric bills increase the most since 2005. East South Central (TN KY MS AL) saw their rates increase 34% (from 6.14¢ to 8.21¢) and East North Central (**Michigan** OH IN IL WI) had a 32% increase (from 6.87¢ to 9.09¢). Regions less dependent on coal experienced smaller than average electric price increases. For example, Pacific coast +17% and West South Central (TX AR LA OK) +3%.
http://www.eia.gov/emeu/steo/pub/cf_query/index.cfm
http://www.eei.org/ourissues/ElectricityGeneration/FuelDiversity/Documents/diversity_map.pdf

109 E. Grand River Avenue * Lansing, Michigan 48906 * (517) 484-2372 * Fax (517) 482-3108
Email: mackinac.chapter@sierraclub.org * Website: http://michigan.sierraclub.org

Concluding Comment

The Michigan Sierra Club Supports PA 295 of 2008 and Calls for a stronger RPS standard to further continue the success of Renewable Energy in Michigan. This will help us move toward clean, affordable, homegrown renewable energy, and move away from imported dirty coal.

Sincerely,

Anne Woiwode
State Director
Sierra Club Michigan Chapter

109 E. Grand River Avenue * Lansing, Michigan 48906 * (517) 484-2372 * Fax (517) 482-3108
Email: mackinac.chapter@sierraclub.org * Website: http://michigan.sierraclub.org